

# Democrats Propose to Keep Party Pledge of Downward Revision

## TARIFF TAKEN FROM MANY NECESSITIES

Broad Reduction All Along Line, Which Will Reduce Cost of Living--Income Tax Will Touch Pocket of Every American Citizen Who Earns \$4,000 or More a Year.

Washington, April 7.—Removal of all tariff from many articles of food and clothing, broad reductions in the rates of duty on all necessities of life, an increase of tariff on many luxuries, and a new income tax that will touch the pocket of every American citizen whose net income exceeds \$4,000, are the striking features of the new Democratic tariff revision bill, presented to-day to the House.

Raw wool would be free of duty in 1915, the bill proposing an immediate 25 per cent reduction and the removal of the remaining duty in 1916.

On the Free List. All the other articles are put on the free list, namely:

Meats, flour, bread, boots and shoes, lumber, iron ore, milk and cream, coal, harness, saddlery, potatoes, salt, wine, corn, cornmeal, cotton baling, agricultural implements, leather, wood pulp, Bibles, printing paper not worth more than 2 1/2 cents per pound, type, writers, sewing machines, steel setting machines, cash registers, steel rails, fence wire, cotton ties, nails, hoop and band iron, fish, sulphur, soda, tanning materials, acetic and sulphuric acids, borax, lumber products, including broomhandles, clapboards, hubs for wheels, posts, laths, pickets, staves, shingles.

These principal items are taken from the free list and taxed: Rough and uncut diamonds and precious stones, sugar, coal tar products, 10 per cent; volatile oils, 20 per cent; spices, from 1 cent to 2 cents per pound.

Chairman Underwood, of the Ways and Means Committee, in his statement accompanying the new tariff bill, gave the following comparative table, to show reduction in tariff duties made upon necessities. In each item both the present tariff and the proposed tariff had been reduced to an advantage to the consumer.

Present Tariff	Proposed Tariff
Cream of tartar.....	\$25.45
Medicinal preparations.....	30.05
Castor oil.....	33.19
Wash blue.....	23.59
Salt peter.....	9.27
Common soap.....	20.00
Saleratus or bicarbonate of soda.....	21.54
Salt soda, washing soda.....	20.93
Borax, refined.....	21.22
Lime.....	9.17
Decorated crockery, not decorated.....	55.00
Grindstones.....	9.21
Bicycles.....	45.00
Pocket knives.....	77.63
Knives.....	72.26
Safety razors.....	53.77
Knives and forks.....	53.00
Furniture.....	35.00
Cattle.....	27.07
Macaroni, etc.....	34.25
Eggs.....	54.05
Stocks, etc., of fruit trees.....	54.44
Mineral waters.....	43.56
Spool thread.....	22.95
Cotton cloth.....	42.74
Cotton clothing.....	26.89
Stockings, hose and hosiery.....	26.89

## UNDERWOOD GIVES CHANGES IN DETAIL

In a statement accompanying the bill Chairman Underwood said the measure would, in the opinion of the makers, revise the tariff to a basis of legitimate competition, such as would be a wholesome influence on our commerce, being relief to the people in the matter of the high cost of living, and at the same time work no detriment to properly conducted manufacturing industries.

In its tariff-revision work, the committee has kept in mind, he said, the distinction between the necessities and the luxuries of life, reducing the tariff burdens on the necessities to the lowest points commensurate with revenue requirements, and making the luxuries bear their proper portion of the tariff responsibilities. Many items of manufacture controlled by monopolies have been placed on the free list.

Underwood's statement, giving the changes in detail, continues as follows:

In the chemical schedule the rates on certain commodities show heavy reductions. For instance, borax acid is cut from 75.00 per cent to 21.43 per cent, glue from 55.00 per cent to 14.29 per cent, and lead from 65.35 per cent to 25 per cent. Moderate reductions have been made on medicinal preparations, which are cut from 30 per cent to 15 per cent, blacking from 25 per cent to 15 per cent, drugs from 25.50 per cent to 10 per cent, and olive oil from 35.10 per cent to 10.95 per cent. The schedule contains a number of articles on which either no reduction has been made or an advance provided for.

Rates on all brick have been cut on the average from 30.25 per cent to 19.25 per cent, from 35.10 per cent to 22.95 per cent, asphalt from 27.00 per cent to 9.62 per cent. Ordinary earthenware, which was already relatively low, being subject to an average duty of 21.67 per cent, has now been cut to 15 per cent, while window glass has been given an average reduction on all glasses of from 45.38 per cent to 28.51 per cent.

Plate glass, which may be considered a luxury, still retains a duty of nearly 40 per cent, the average being 38.45 per cent, in place of the duty of 62.95 per cent in the law.

Pig iron and slabs, which were 16.25 per cent and 17.79 per cent, have been cut to 8 per cent in each case, and forgings from 12 per cent to 15 per cent. On the other hand, bicycles, a much more highly manufactured product, are dutiable at 25 per cent, as against 15 per cent, and cars at 55 per cent, as against 71.68 per cent.

The idea of the large extension of the free list for the unmanufactured products has been the fundamental conception, while the effort has been made to improve the status of the

## Leader in Fight for Lower Tariff



OSCAR UNDERWOOD, Chairman of Ways and Means Committee.

to 25 per cent, flannels from 33.29 per cent to 25 per cent, dress goods from 25.70 per cent to 15 per cent, clothing from 75.56 per cent to 35 per cent, webbing, etc., from 82.7 per cent to 35 per cent, and carpets from rates ranging from 60 per cent to 82 per cent to rates ranging from 20 per cent to 35 per cent.

"Inasmuch as silk and silk goods are distinctly to be classed as luxuries, it has been deemed wise to make only very moderate reductions in the rate of duty. Partially manufactured goods have been cut from 21.01 per cent to 15 per cent, spun silk yarn from 37.09 per cent to 35 per cent, sewing silk from 35 per cent to 15 per cent, silk goods from 52.58 per cent to 50 per cent, silk handkerchiefs (plain) from 50 per cent to 40 per cent, ribbons from 50 per cent to 40 per cent, artificial silk yarns from 41.79 per cent to 35 per cent, and braids, embroideries and the like of artificial silk from 63.49 per cent to 60 per cent.

**Encouraging Foreign Trade.** To encourage the export of foreign countries, the bill would reverse the maximum and minimum provision of the present tariff law. The new tariff rates would set the maximum tariff, and the President would be given authority to negotiate reciprocity treaties and make concessions to countries that grant favors to American exports.

**Same Rates.** Tobacco and spirits have been found to be good producers of revenue and have, therefore, been left at the same rates as in the present law.

The effort to relieve the consumer, and to mitigate the high and rising cost of living, Schedule C, which deals with agricultural products, has been thoroughly revised, and important reductions have been made. For instance, the duty on horses has been reduced from 25 per cent to 10 per cent, cattle from 25.07 per cent to 10 per cent, sheep from 14.41 per cent to 10 per cent, barley from 42.95 per cent to 23.07 per cent, macaroni from 34.25 per cent to 23.81 per cent, hay from 43.31 per cent to 24.67 per cent, fruits from 27.21 per cent to 15.38 per cent, figs from 15.53 per cent to 4.21 per cent, lemons from 65.85 per cent to 24.63 per cent, live poultry from 13.10 per cent to 6.67 per cent, and vinegar from 33.02 per cent to 17.34 per cent. Other changes are in proportion, and the general effect has been to reduce in a very material proportion the heavy taxes upon imported foodstuffs.

In Schedule D, dealing with cotton, comparisons may be made with the present law. The principal items show reductions on cotton from 31.54 per cent to 19.29 per cent on spool thread from 22.95 per cent to 15 per cent, on cotton cloth from 42.74 per cent to 28.51 per cent, on waterproof cloth from 78.56 per cent to 25 per cent, on ready-made clothing from 50 per cent to 30 per cent, collars and cuffs from 64.08 per cent to 31.49 per cent, on plushes from 51.49 per cent to 40 per cent, on hosiery from 27.07 per cent to 15 per cent, on kerchiefs from 59.27 per cent to 20 per cent, on stockings from 70.35 per cent to 20 per cent, on gloves from 89.17 per cent to 35 per cent, on underwear from 60.27 per cent to 25 per cent, and on cotton damask from 40 per cent to 25 per cent.

Flax, hemp and their products, have been similarly dealt with. Raw flax is cut from \$22.50 and \$25.00 per ton, respectively, to \$11.25 each, jute yarns have been cut from 26.90 per cent to 15 per cent, cables and cordage from 6.43 per cent to 3.21 per cent, clothes for floors from 44.29 per cent to 11 per cent, handkerchiefs from 50 per cent to 35 per cent.

**Centre of Criticism.** Schedule E, dealing with wool and woolen manufactures, has been the centre of criticism for many years, and the committee has given it very careful study. The result has been to make raw wool free of duty, to reduce yarns from 73.4 per cent to 20 per cent, blankets from 72.69 per cent

chines, now free, made dutiable at 25 per cent.

The schedule carries a blanket clause that articles or wares not specially provided for shall pay 50 per cent if wholly or partially platinum, gold or silver, and 25 per cent if wholly or in chief value, composed of iron, steel, lead, copper, nickel, pewter, zinc, aluminum or other metal.

Tableware, penknives and watch movements are required to bear the names of the manufacturer and country of origin.

Lead-bearing ore, from 11-2 cents pound to 1-2 cent.

Aluminum, from 7 cents a pound to 25 per cent.

Antimony, from 1 cent a pound to 10 per cent.

Lead ballion, from 21-5 cents pound to 25 per cent.

Nickel pigs, from 6 cents a pound to 10 per cent.

Chemicals, oils and paints: Alkalies and compounds, from 25 per cent ad valorem to 15 per cent.

Alum, etc., from 1-4 cent per pound to 15 per cent ad valorem.

Bleaching powder, from 1-5 cent to 1-10 cent per pound.

Fruit oils and essences, from \$1 pound to 20 per cent ad valorem.

Flaxseed and linseed oil, from 15 cents a gallon to the printing of Cod, seal and whale oil, from 8 cents gallon to 5 cents.

Crude opium, from \$1.50 pound to \$3.

Prepared opium, from \$2 pound to \$4.

Other and other earths: Present rates range from 1-4 cent to 3-8 cent pound; proposed rate, 5 per cent ad valorem.

Orange mineral, from 3-1-4 cent pound to 25 per cent.

Zinc oxide, from 1 cent pound to 10 per cent.

Paints, colors, etc., from 30 per cent to 15 per cent.

White lead, from 3 cents pound to 25 per cent.

Sponges, from 20 per cent to 10 per cent.

**Silk goods:** Childrens, clothing ready made, articles of wearing apparel of every description, including knit goods, from 60 per cent to 50 per cent ad valorem.

Woven fabrics, from 50 per cent to 45 per cent ad valorem.

Beltings, cords, tassels, ribbons of artificial and imitation silk or horsehair, from 45 cents per pound and 60 per cent ad valorem additional, to 60 per cent ad valorem.

Lumber and wood: Veneers, from 20 to 15 per cent.

Osier or willow for basketmakers use, from 25 to 10 per cent.

Willow furniture, from 45 to 25 per cent.

**Sugar:** The sugar schedule eliminates the Dutch standard of color, and reduces the basic rate, on sugar testing by the polariscope, not above seventy-five degrees, from ninety-five one-hundredths of 1 cent per pound to seventy-one one-hundredths of 1 cent per pound.

For each additional degree shown by the polariscope test, the additional rate is reduced one-tenth of one-thousandth of 1 cent per pound to twenty-six one-thousandths of 1 cent per pound.

The other items in the cane sugar section are changed as follows:

Molasses testing not above forty degrees, from 20 to 15 per cent ad valorem; testing above forty and not above fifty-six degrees, from 3 cents to 2-1/4 cents per gallon; testing above fifty-six degrees, from 6 cents to 4-1/2 cents per gallon.

At the end of the section the following clause is added:

"Provided that three years after the day when this act shall take effect, the articles herein enumerated in this paragraph shall thereafter be admitted free of duty."

Other reductions are:

Maple sugar and refined sirups, from 4 to 2 cents per pound.

Glucose or grape sugar, from 1-1/2 to 1-1/8 cents per pound.

Unmanufactured sugar cane, from 20 to 15 per cent.

A provision placing the articles in this section on the free list after three years is also included.

Sugar candy valued at 15 cents per pound or less, from 4 cents a pound and 15 per cent ad valorem, to 2 cents per pound; valued at more than 15 cents per pound, from 50 to 25 per cent.

Cuban sugars, by treaty arrangements, come in at a 20 per cent reduction from the regular duties.

and in whatever form paid, or from professions, vocations, businesses, trade, commerce, or as students, in property, also from interest, rents, dividends, securities, including income from property; income from, but not the value of, property acquired by bequest, devise or descent, and proceeds of life insurance policies paid upon death of persons insured.

The bill allows, as deductions, in computing net income, all necessary expenses actually incurred in carrying on any business, not including personal living or family expenses, interest, amount received upon the stock of any corporation, joint stock company, association or insurance company which is taxable as income, and the net income under the corporation tax, to wit: The bill excludes the compensation of the President of the United States during his term, judges of the Supreme and inferior courts of the United States, and compensation of all officers and employees of a State or any political subdivision thereof.

It establishes a system of collection of the tax at its sources, requiring all persons, firms, co-partnerships, companies, associations or insurance companies, and all trustees, executors, administrators, receivers, etc., and officers and employees of the United States having the control or disposal of salaries, wages, interest and other profits and income of another person, to withhold and pay to the Collector of Internal Revenue the amount of income tax due from such person. All such persons are made personally liable for such tax.

**Penalties Provided.** Persons or corporations liable to make return on incomes, who fail to do so at a specified time, are made liable to a fine not exceeding \$50, and the penalty for failure to pay the tax is fixed at \$1,000 or imprisonment not exceeding one year, or both.

In formulating this additional impost," said Chairman Underwood in his report, "the committee has been careful to provide, not only a source of revenue, but also a means of redressing in some measure the unequal tax burdens, which result from the practice of taxing the Federal income entirely upon the consumer, and thereby placing the burden of supporting the government upon the shoulders of the consumers.

It correspondingly exempts the men of larger income, whose consumption of the ordinary necessities of life is subject to tariff taxation in a far less aggregate degree than is that of the smaller income earners, who expend the greater proportion of their resources for the ordinary necessities of life.

Speaking of the principle of taxation laid down and the graduated system proposed, Mr. Underwood declared:

"The progressive principle already has been sustained by the Supreme Court of the United States in the inheritance tax cases, and there can be no doubt that the same principle applies to the income tax included in this bill, and will be fully upheld should it ever be called into question. Owing to defects in personal property taxation, the larger incomes in the United States have for many years been able to escape with less than their share of the general burden of taxation, and this inequity will be, it is believed, in part overcome by the plan proposed."

The bill provides that all taxable persons shall be notified of the amount for which they are liable under the law on or before the first day of January of each year and assessments be paid on or before June 30. For delay in making payments, and ten days after notice, there shall be added the sum of 1 per cent on the amount of tax unpaid and interest at the rate of 1 per cent a month from the time the tax fell due.

The corporation tax provision, it is directed, shall be computed upon income for the year ending December 31, 1913, and for each calendar year thereafter. It is provided, however, that corporations may designate the last day of any month or the first day of January of the fiscal year, and may have the tax computed on the basis of net income ending on its designated day. All labor, agricultural, horticultural, fraternal, religious and mutual benefit societies are made exempt from this proposed tax.

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## HOW THE BILL BENEFITS THE ULTIMATE CONSUMERS

These necessities are admitted free: Beef, mutton, pork, veal, lamb, hams and bacon, flour, lard, milk, cream, breadstuffs, salt fish, potatoes, hogs on the hoof, coal, coke, shoes, leather, lumber, cotton ties and bagging, wool, barbed wire, steel rails, iron ore, agricultural implements, gloves.

On these articles the rates have been heavily cut: Woolen manufactures, yarns reduced from 70 to 20 per cent ad valorem, blankets from 72 to 25, flannels from 93 to 25, dress goods from 90 to 35, ready-made clothing from 70 to 35, carpets from 82 to 35.

Cotton manufactures: Spool cotton from 22 to 15, cotton cloth from 42 to 25, clothing from 50 to 30, collars and cuffs from 64 to 25, handkerchiefs from 50 to 30, stockings from 70 to 30, gloves from 80 to 35, underwear from 80 to 25.

Fond products: Butter from 6 to 5 cents a pound, eggs from 10 to 6 cents a dozen, cattle from 27 per cent to 10 per cent, sheep from 16 to 12, hay from 45 to 25, fruits from 27 to 15, lemons from 65 to 24, poultry from 13 to 6, sugar from 1.65 cents a pound to 1 cent a pound, all duty to be removed after three years.